

~~TOP SECRET~~ SENSITIVE

13 June 1969

MEMORANDUM FOR THE RECORD

Morning Meeting of 13 June 1969

The Director was out of town. DDCI was in the chair.

DD/I noted that he has forwarded to Dr. Kissinger a memorandum on the Sino-Soviet dispute situation.

DD/I called attention to NSSM No. 3, which is the topic of today's NSC meeting, and observed that he has no problem with it.

DD/I briefed the DDCI on the tentative requirement to provide previously classified material to NATO. He noted that a decision such as this would ordinarily require USIB approval, and he commented that he will discuss the requirement with senior echelons of State before recommending a decision to the Director on this matter. He noted that the requirement is probably connected with the President's general policy of sharing more information with NATO allies. D/ONE commented that he received a call on this matter from DOD/ISA, which had been referred to him by DIA.

Godfrey noted that last evening they spent two hours on the telephone with EA/DCI, who was seeking more data on Vietnam for the Director's briefing of former President Johnson. Godfrey commented that EA/DCI will call again this morning.

Carver reported that Secretary Laird will announce at 10:30 a.m. this morning the units which are to be withdrawn from Vietnam.

Carver noted that various Communist Bloc countries are now recognizing the Provisional Revolutionary Government and that more can be anticipated.

Carver noted that, in response to an earlier request, he is now scheduled to brief Dr. Kissinger at 4 p.m. on Monday on the relative effectiveness of Laotian and Cambodian logistical systems.

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Maury noted receipt of a telephone call from Carl Marcy regarding the Director's 11 June letter to Senator Fulbright. Marcy asked that we underline those portions of the draft speech, "Prejudices, Intelligence and the ABM," which would in our judgment compromise intelligence sources. Maury noted that he will be discussing this matter with the Director upon his return but welcomed any suggested solutions to this problem in the meantime.

Maury noted that the DD/S&T will brief Senator Case today on the MIRV problem.

Maury noted that he will brief Congressman Lipscomb today on the delivery of Rumanian vehicles to North Vietnam. (Maury later advised that Congressman Lipscomb will be out of town until Monday and that the briefing has therefore been postponed.)

Houston noted that he is still trying to contact Ken BeLieu on the Ervin bill but is having no success.

Executive Director noted that he feels our relationships with the Bureau of the Budget are good but called attention to the item on page 6 of today's Washington Post, "Budget Bureau Check on Defense Funds Set," plus earlier press attention to the BOB's role as challenging the budgets of major Departments. He therefore noted that we must continue to make our case carefully to the BOB.

Executive Director briefed from the 9 June letter from The Brookings Institution lauding their time spent here with us. He noted that participants seem genuinely to appreciate the attention given them by senior officers of the Agency and noted that an additional Brookings group will be with us today.

DDCI stated that he will be at the White House this morning explaining to Dr. Kissinger the USIB Memorandum to Holders of NIE 11-8.

L. K. White

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# Budget Bureau Check On Defense Funds Set

President Nixon has ordered a policy reversal to restore the Bureau of the Budget as top watchdog of defense spending, Budget Director Robert P. Mayo said yesterday.

Mayo told a House-Senate economic subcommittee investigating the military budget and national priorities that the defense budget now will be handled in the same manner as other department budgets.

Under former President Johnson the Secretary of Defense made his budget recommendations directly to the

President, with the budget director having only the right of appeal, Mayo said. Now, the defense budget like all others will go to the Budget Bureau, which will have final say, subject to appeal to the President by the department head.

The Budget Bureau has already demonstrated its new muscle this week by forcing cancellation of the \$3-billion Manned Orbiting Laboratory program—the military's most ambitious space program.

Mayo said he would follow the suggestion of the subcommittee chairman, Sen. William

Proxmire (D-Wis.), to "knock some heads together, crack down on defense procurement, cancel contracts and fire some procurement officers."

Asked by Proxmire whether he had been "unleashed on the military budget," Mayo said, "I think I have my marching orders."

Meanwhile in the House, the chairman of the Armed Services Committee, Rep. L. Mendel Rivers (D-S.C.) struck back at critics of big military spending and of the "military-industrial complex."

Rivers, talking to a dozen or so members remaining in the House chamber after a Flag Day ceremony held two days early to catch some Congressmen still in Washington, said military strength must be maintained because there is no time to tool up in this age if war breaks out.

Rivers said the military budget is 43 per cent of total Federal spending now compared with 47 per cent in 1960. He said profit on defense contracts has decreased in the last 10 years and is less than in non-defense business. He also said a survey shows that members of his Committee do very little better at getting defense contracts for their districts than do other members.

Cutting defense spending would not assure that more money would go to domestic programs, said Rivers. Congress would cut taxes first, he said.

Sen. Richard S. Schweiker (R-Pa.), a member of the Senate Armed Services Committee, said he will propose a quarterly audit of the defense budget. "Nobody but the Pentagon knows what's going on there," he told a news conference.